

Message Text

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ACTION EB-08

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CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
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FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 1445
INFO AMEMBASSY TOKYO
AMEMBASSY JAKARTA

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E.O. 11652: N/A
TAGS: ENRG, ID, OPEC
SUBJECT: JAPANESE ENERGY MEETING IN VIENNA

REF: (A) JAKARTA, 4066, (B) VIENNA 2739

1. IN RECENT CONVERSATION WITH CHARGE AND ECON COUNSELOR,
MINISTER YATABE AND COUNSELOR TANAKA FROM JAPANESE
EMBASSY DISCUSSED VIENNA MEETING OF GOJ REPS FROM
MAJOR OIL PRODUCING AND CONSUMING COUNTRIES AND
TOKYO MINISTRIES. MEETING WAS THE FIFTH OF ITS KIND
SINCE 1973 AND WAS FOLLOWED BY VISIT OF SOME PARTI-
CIPANTS TO OPEC'S NEW HEADQUARTERS AND
A SESSION WITH OPEC INFORMATION CHIEF ZAHERI, ECONOMIC DIRECTOR
HASSANAIN AND SEVERAL STAFF MEMBERS. TANAKA TERMED
THE OPEC SESSION USEFUL FROM THE TECHNICAL STANDPOINT.

2. ACCORDING TO YATABE AND TANAKA THE
PRINCIPAL POINTS EMERGING FROM THE MEETING OF GOJ
RES WERE (A) INTEREST IN ANTICIPATED US ENERGY
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POLICY STATEMENT AND PROGRAM (WHICH WAS CON-
SIDERED CRITICAL FOR ALL WESTERN NATIONS) AND
OUR FUTURE COMMITMENT TO IEA; (B) THE IMPORTANCE
OF PROGRESS IN THE NORTH-SOUTH DIALOGUE TO MAINTAIN
SAUDI ARABIAN RESTRAINT ON OPEC PRICING POLICIES;
AND (C) EXPECTED CONTINUATION OF TWO-TIERED OIL
PRICING.

3. THE GOJ IS KEENLY AWAITING THIS WEEKS ENERGY MESSAGES. THE CONFERENCE PARTICIPANTS WERE REPORTED TO BE ESPECIALLY CONCERNED ABOUT A CONTINUED USG COMMITMENT TO THE IEA, WHICH THEY SENSED WAS WEAKENING -- IN FAVOR OF BILATERAL DEALINGS -- BECAUSE THE IEA WAS A CREATION OF THE PREVIOUS ADMINISTRATION. THE GOJ FEELS THE IEA IS NOW FUNCTIONING WELL AND IS CAPABLE OF ASSUMING AN IMPORTANT ROLE IN WORLD ENERGY AFFAIRS. THEY WOULD BE DISAPPOINTED IF OUR COMMITMENT TO THE ORGANIZATION SHOULD WEAKEN. THE GOJ REPS ALSO WERE PARTICULARLY INTERESTED IN WHETHER THE USG WOULD EXPLOIT ITS OWN PETROLEUM RESERVES TO THE MAXIMUM OR WOULD SEEK TO PRESERVE THESE, ASSUMING, OF COURSE, THAT THE GOVERNMENT CHOSE TO DIRECTLY INFLUENCE PRODUCTION IN THIS SECTOR.

4. THE GOJ REPS TOOK THE POSITION THAT CONTINUED SAUDI COOPERATION ON OIL PRICES HINGES ON DEVELOPMENTS TOWARD A MIDEAST SETTLEMENT AND PROGRESS IN THE NORTH-SOUTH DIALOGUE. SINCE THEY APPEAR TO ACCEPT THE LIMITATIONS ON WHAT THE USG CAN DO ABOUT THE FORMER, THEY ARE PLACING THEIR HOPES ON THE LATTER. WE EXPLAINED THAT DESPITE BEST INTENTIONS AND EFFORTS THERE ALSO ARE LIMITATIONS ON WHAT WE CAN DO ABOUT THE DIALOGUE, AND ASKED WHAT THE GOJ WAS PREPARED TO DO. THEY HAD NO SPECIFICS TO OFFER.

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5. THE GOJ REPS SAW THE 2-TIER OPEC PRICING SYSTEM CONTINUING AT LEAST TO STOCKHOLM IN JULY AND PERHAPS BEYOND. IN THEIR VIEW THE SAUDIS ARE NOT WILLING TO COMPROMISE ON PRICES, NOR HAVE THEY BEEN ABLE TO INCREASE PRODUCTION SUFFICIENTLY TO FORCE THE OTHERS TO LOWER THEIR PRICE.

6. IN CONCLUDING, THE GOJ REPS CITED RECENT PROBLEMS REPORTED IN PROCURING INDONESIAN OIL, WHICH TRADITIONALLY HAS ACCOUNTED FOR 10 PERCENT OF JAPANESE PETROLEUM IMPORTS. THEY FELT THE PROBLEM STEMMED FROM AN INDONESIAN PREFERENCE TO SEEL TO THE US WHICH PROVIDED A STABLE MARKET WHEREAS JAPANESE PURCHASES WERE UNEVEN.MEEHAN

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Sent Date: 18-Apr-1977 12:00:00 am
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